

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 SS-20 L-03 NSC-10 CIAE-00

DODE-00 INR-10 NSAE-00 PA-04 RSC-01 USIA-15 PRS-01

SPC-03 PM-07 SCEM-02 COME-00 TRSE-00 INT-08 CIEP-02

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P R 051943Z DEC 73

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 2001

INFO AMEMBASSY TEGUCIGALPA PRIORITY

AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMBASSY PORT OF SPAIN

C O N F I D E N T I A L CARACAS 10396

EO 11652: GDS

TAGS: ENRG VE HO

SUBJECT: CENTRAL AMERICAN OIL SUPPLY PROBLEM

REF: A. CARACAS 10307; B. TEGUCIGALPA 4521

1. TEXACO MANAGER TANNER MET YESTERDAY AS SCHEDULED WITH MINISTER OF MINES AND HYDROCARBONS PEREZ. TANNER SAID MEETING WENT QUITE WELL AND THAT PEREZ NOW SEEMS UNDERSTAND OIL SUPPLY SITUATION INVOLVING TEXACO AND CENTRAL AMERICAN COUNTRIES. PEREZ HAD STUDIED, TO SOME EXTENT, MEMO WHICH TANNER HAD PROVIDED HIM IN ADVANCE OF MEETING AND MINISTRY WILL CONTINUE TO STUDY PROBLEM BEFORE GIVING FINAL REACTION. TEXACO REP WILL KEEP EMBASSY INFORMED OF PROGRESS.

2. IN REF B, EMBASSY TEGUCIGALPA EXPRESSES CONSIDERABLE CONCERN ABOUT 35 PERCENT REDUCTION IN THROUGHPUT IN TEXACO REFINERY IN HONDURAS. TEXACO ASSURES US THAT, AS EXPLAINED REF A, OVERALL REDUCTION IN AVAILABILITY TEXACO PETROLEUM PRODUCTS TO HONDURAS WILL BE ONLY 20 PERCENT. THERE WILL BE NO REDUCTION IN SUPPLIES OF FUEL OIL FOR INTERNAL HONDURAN MARKET. AS REFINERY PREVIOUSLY
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PRODUCED CONSIDERABLE QUANTITIES OF FUEL OIL FOR EXPORT,

REDUCTION OF REFINERY THROUGHPUT TO LEVEL OF HONDURAN FUEL OIL DEMAND WILL ENTIAL 35 PERCENT CUT IN OVERALL THROUGHPUT.

3. AS RESULT OF REDUCTION IN REFINERY THROUGHPUT, AVAILABILITY OF LIGHT PRODUCTS, INCLUDING GASOLINE, TO HONDURAN MARKET WILL BE REDUCED ABOUT 30 PERCENT. THIS WHEN OFFSET AGAINST THE ZERO REDUCTION FUEL OIL SUPPLY WILL MAKE OVERALL REDUCTION OF ABOUT 20 PERCENT IN SUPPLY OF PETROLEUM PRODUCTS TO HONDURAS. THIS WOULD APPEAR TO BE EQUITABLE SOLUTION, AS IT TREATS HONDURAS IN SAME FASHION AS OTHER TEXACO CUSTOMERS, THEREBY SPREADING WORLD-WIDE PETROLEUM SHORTAGES AS EQUITABLY AS POSSIBLE AMONG CONSUMING COUNTRIES. CERTAINLY HONDURAS CANNOT EXPECT TO RECEIVE 100 PERCENT OF ITS PETROLEUM REQUIREMENTS WHILE U.S. AND MOST OTHER COUNTRIES IN THE WORLD ARE FACING SERIOUS SHORTAGES.

4. IF HONDURAS AND OTHER LATIN AMERICAN NATIONS WHICH HAVE BEEN SEEKING PREFERENTIAL TREATMENT FROM VENEZUELA WERE TO SUCCEED IN THEIR EFFORTS TO GET GUARANTEES FOR SUPPLY OF 100 PERCENT OF THEIR REQUIREMENTS, THERE WOULD BE CORRESPONDINGLY LARGE REDUCTION IN AVAILABILITY OF OIL NORMALLY SHIPPED TO U.S. MARKET, THEREBY FORCING U.S. TO BEAR MORE THAN ITS FAIR SHARE OF BURDEN ON WORLDWIDE SHORTAGE.
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